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INFO RUCNASE/ASEAN MEMBER COLLECTIVE
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RUEHKA/AMEMBASSY DHAKA 5106
RUEHNE/AMEMBASSY NEW DELHI 5246
RUEHUL/AMEMBASSY SEOUL 8846
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RUEHCN/AMCONSUL CHENGDU 1696
RUEHCHI/AMCONSUL CHIANG MAI 2041
RUEHCI/AMCONSUL KOLKATA 0544
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RUEATRS/DEPT OF TREASURY WASHDC
RUEKJCS/DIA WASHDC
RUEHGV/USMISSION GENEVA 4249
RHEHNSC/NSC WASHDC
RUEKJCS/SECDEF WASHDC
RUEKJCS/JOINT STAFF WASHDC
RUCNDT/USMISSION USUN NEW YORK 2240
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C O N F I D E N T I A L SECTION 01 OF 03 RANGOON 000066

SIPDIS

STATE FOR EAP/MLS, S/GAC, AND F
NSC FOR LIZ PHU
BANGKOK FOR USAID/RDMA HEALTH OFFICE
DEPARTMENT PLEASE PASS TO USAID/AME AND HHS (WILLIAM
STEIGER)

E.O. 12958: DECL: 01/02/2019
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SUBJECT: BURMA: PREPARATIONS CONTINUE FOR GLOBAL FUND
APPLICATION

REF: A. 08 RANGOON 962
[1](#)B. 08 RANGOON 867

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Classified By: Economic Officer Samantha A. Carl-Yoder for Reasons 1.4
(b and d).

Summary

[1](#)1. (C) The Minister of Health chaired the third Country Coordinating Mechanism (CCM) meeting January 30 in preparation for the GOB's planned round nine Global Fund application. During the meeting, CCM members agreed on the proposed selection process for the dual principal recipients (PRs), who will oversee funding requests expected to total approximately USD 230 million over five years. According to CCM members, GOB officials understand the government cannot be a PR, nor does it want to be. The CCM will call for PR proposals on February 3. The CCM reviewed proposals for HIV/AIDS, malaria, and TB, accepting the latter two but asking for increased funding for HIV/AIDS harm reduction. The Minister of Health discussed the GOB's Global Alliance for Vaccines and Immunizations (GAVI) proposal, noting that "powerful countries" have put a hold on GAVI funding for Burma. He apparently perceives the U.S. requirement for GAVI to obtain an OFAC license as a sign of USG opposition. We seek guidance on how to respond (see paragraph 9). Meanwhile, officials from the Global Fund Secretariat are scheduled to visit Burma the last week in February and plan to meet with key donors, including the United States. The next CCM is tentatively scheduled for February 26 or 27. End Summary.

Finalizing PR Selection Process

¶2. (SBU) At the January 30 meeting, the CCM discussed and finalized the principal recipient (PR) process, outlining the selection criteria and agreeing to two PRs (one to handle UN and GOB programs and one for NGOs). According to DFID Health Officer and donor representative Julia Kemp, the CCM accepted donors' recommendation that the selection criteria be weighted to reflect ability to operate in Burma. The final PR criteria include:

- Organization's MOU with the Burmese Government allows it to enter into grant agreements with the Global Fund;
- Financial management capacity and track record in managing large-scale grants in a transparent way;
- Proven ability to channel and manage funds to community organizations;
- Proven ability to mobilize human resources;
- Proven ability to operate fund flow and disbursement arrangements in a complex situation on a nation-wide basis;
- Proven ability to cooperate with the Government of Burma and/or NGOs in program planning, design, implementation, and monitoring and evaluation;
- Ability and willingness to work with the CCM and its technical groups; and
- Proven successful local and international procurement capacity in Burma or similar contexts.

Potential PR applicants who have had a successful record of being a Global Fund PR will be at a distinct advantage, Kemp told us.

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¶3. (C) Beginning on February 3, the CCM will announce the call for letters of intent for potential PRs. According to PSI Country Director and CCM member John Hetherington, the CCM will advertise the call for PR proposals through email, internet, and media. The Ministry of Health is seeking advertising space in the government mouthpiece The New Light of Myanmar and the English and Burmese versions of the Myanmar Times, one of Burma's largest independent newspapers. Hetherington commented that several organizations, including UNOPS, WHO, and Save the Children, have indicated their interest in serving as a PR. PSI, he noted, does not want the PR responsibility, since Hetherington believes it would draw too much attention to PSI's operations. He also commented that he does not want PSI to be in the Ministry of Health's line of fire, should the MOH find fault with any of the GF programs. Kemp told us that the Ministry of Health understands it cannot be a PR, nor does it want to be. Both Kemp and Hetherington emphasized that the CCM is ready to move forward with the GF application even if there is only one principal recipient.

¶4. (SBU) The deadline for PR proposals is February 17. Members of the CCM Steering Committee will review the proposals and make a recommendation to the CCM by February 20. The CCM will select the two PRs at the next CCM meeting, to be held either February 26 or 27.

Strengthening Technical Proposals

¶5. (SBU) The CCM also reviewed the technical proposals for HIV/AIDS, malaria, and TB. According to Kemp, the projected five-year budget for HIV/AIDS programs is USD 120 million; for TB, USD 60 million; for malaria, USD 50 million. The CCM determined that the current HIV/AIDS proposals do not place enough emphasis on prevention and harm reduction, focusing primarily on treatment and care. Given the current disease burden in Burma, the funding distribution would not meet the GF's technical requirements, Kemp told us. (Note: as part of the technical review, the GF looks for whether the proposed programs address the current disease burden and

follow the goals outlined in the national program. Harm reduction is a specific area of concern with the national program, as there are currently few projects to address this need.) While Ministry of Health officials proposed to achieve the necessary balance by reducing the budget for treatment by 30 percent, the CCM decided instead to raise the overall HIV/AIDS budget and institute a limited call for more harm reduction proposals. The CCM will review the proposals at the next meeting.

MOH Blames USG for GAVI Freeze

¶6. (C) Hetherington told us that the Minister of Health raised the issue of the GOB's pending GAVI application during the CCM, and told CCM members that "powerful countries" have put a hold on the proposal. According to WHO Representative Adik Wibowo, the GAVI Secretariat sent the Minister a letter stating that, because of U.S. sanctions, GAVI, which does not have an OFAC license, is unable to fund the MOH's proposal (septel). Hetherington, in a side meeting with the Minister, told him that he understands the USG until recently was unaware of the GAVI proposal, and that the OFAC license issue may be technical, not political. He urged the MOH and WHO to hold a briefing for key donors (such as the USG) to discuss

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the GAVI proposal. According to Julia Kemp, WHO plans to hold such a briefing on February 10, and would like some clarification on the USG position on the GAVI proposal.

Global Fund to Visit

¶7. (SBU) Kemp confirmed that officials from the Global Fund Secretariat plan to visit Burma the last week of February and will meet with key donors, including the United States. GF officials will also attend the next CCM meeting to observe the process.

Comment

¶8. (SBU) The MOH continues to move the GF application process forward in a transparent manner, evidenced by the open call for PR proposals and the planned visit by GF officials to observe and monitor the process. MOH's acceptance that the GOB cannot be a principal recipient is also a welcome sign that the Ministry understands and responds to donors' concerns. CCM members and the MOH's writing team are making progress on the draft proposal, which should be completed within the next six weeks. We will share a copy with the Department as soon as it is available.

Request for Guidance

¶9. (C) In the meantime, we seek Department guidance on how to respond to the Minister of Health's concerns that the USG is opposed to Burma's GAVI application on political grounds. As happened with the Global Fund, it appears that GAVI has not adequately informed the USG and other stakeholders of Burma's pending application, and that the GOB is assuming the worst case with regard to U.S. intentions. It is important that we provide accurate information of the USG perspective on GAVI for Burma to the MOH and other donors as quickly as possible. We also seek information on the current status of the GAVI OFAC license application prior to WHO's GAVI briefing on February 10.

DINGER